



# Questions & Answers About Estate Planning

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## Taking Hold of the Future

WITH AN EFFECTIVE estate plan, you can provide future economic security for yourself, your family, and others you wish to benefit.

By taking the time to plan, you may discover new opportunities that can benefit yourself and your loved ones while also enhancing current and future financial security.

## Answers to Frequently Asked Questions

### **Q. What is estate planning?**

**A.** In its broadest sense, estate planning involves making provisions for the present and future management of the property you have accumulated, and deciding how you want it distributed when you no longer need it.

### **Q. What if I do not make an estate plan?**

**A.** The state where you live will furnish a standard “plan.” Your state’s plan cannot:

- Provide for your heirs according to their needs.
- Take into account who you would have wanted to be the legal guardian of your minor children.
- Provide for special friends or charitable interests.

### **Q. How do I begin to create an estate plan?**

**A.** A good place to start is with the “4 Ps.”

- List the **people** you would like to provide for in your plans. You may wish to include charitable interests.
- List the **property** you own and any income it produces. Include investments, real estate, retirement plan funds, and life insurance assets, as well as personal property.
- Your **plans** will begin to take shape as you consider how you wish to provide for the people on your list. Study your property list carefully, looking for opportunities to match the needs of each person.
- List the **planners** you will need to help you—your attorney, accountant, financial planner, bank trust officer, etc. Consider asking your most trusted advisor to help coordinate the process.

**Q. Is a will the only document needed to complete my estate plan?**

**A.** Not necessarily. There are other ways to distribute property.

**Q. Why might I need a plan other than a will?**

**A.** A trust can distribute assets and manage them for elderly persons, or for younger heirs until they reach a certain age.

Joint ownership arrangements allow you and others to own property together. Upon the death of one owner, the property passes outside of probate to the surviving owner.

A power of attorney lets you appoint someone to handle your financial affairs if you should be unable to do so. Many people also create a living will, which outlines their health care wishes.

Also review the beneficiary designations of life insurance policies, IRAs, and other retirement plans, because your will and other plans may not affect their distribution.

**Q. How can I make charitable gifts in my estate plans?**

**A.** You can make gifts from funds that remain after you have first assured your family's financial security. You can accomplish this through a bequest in your will, a trust gift, naming a charity to receive life insurance or retirement plan proceeds, or other charitable estate planning tools.

**Q. Is there a way I can enjoy tax savings and other benefits from charitable gifts now?**

**A.** Yes! With income gift plans, you can receive payments for life or another specified period while making a charitable gift of assets that remain when you no longer require the payments. Income tax deductions are allowed for such gifts when completed during your lifetime.

If you fund income gifts with securities that have increased in value over the years, you could reduce and/or delay capital gains tax on the assets. It can also be possible to receive payments that are free of tax or taxed at lower rates than other income. You thus enjoy the satisfaction of making a thoughtful charitable gift as well as the benefit of attractive fixed or variable payments and immediate tax savings.

## Conclusion

There is no time like the present when it comes to creating or updating your estate plans. Experience the peace of mind that can come from taking control of the future in ways that will benefit you, your loved ones, and your charitable interests. We will be pleased to help you and your advisors as you consider the charitable dimension of your plans.